

Xin Chao Vietnam

Market performance

	9 Mar	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,161.97	(0.5)	4.2	12.7	5.3
Turnover (VND bn)	14,931				
VN30 (pt, % chg.)	1,163.00	(0.6)	3.0	17.0	8.6

Major indicators

	9 Mar	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.52	0.0	(0.0)	(0.0)	0.1
3-yr govt bonds (% bp chg.)	0.95	(0.0)	0.0	0.0	0.1
VND/USD (% chg.)	23,049	0.0	(0.3)	0.4	0.2
VND/JPY (% chg.)	21,230	0.1	3.5	4.5	5.3
VND/EUR (% chg.)	27,419	0.1	1.6	2.0	3.8
VND/CNY (% chg.)	3,542	(0.3)	0.8	(0.3)	(0.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.53	0.0	0.4	0.6	0.6
WTI (USD/bbl, % chg.)	63.93	(0.1)	8.9	36.7	31.8
Gold (USD/oz, % chg.)	67.52	(1.1)	10.5	38.2	30.3

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	61.2	FUEVFNVD	(88.7)
HPG	46.2	PLX	(86.1)
TCB	37.5	VPI	(77.8)
HDG	36.3	POW	(63.7)
FPT	26.6	OCB	(49.6)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUEVFNVD	87.0	VNM	(273.0)
PLX	69.8	POW	(182.0)
PDR	10.3	HSG	(102.9)
DPM	6.8	HPG	(83.2)
IJC	6.2	VIC	(80.7)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Media & Entertainment	3.0	Energy	(3.2)
Household Products	0.9	Retailing	(1.8)
Technology	0.5	Health Care	(1.6)
Consumer Durables	0.5	Utilities	(1.3)
Capital Goods	0.5	Consumer Services	(1.3)

WHAT'S NEW TODAY

Market commentary & News

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- **Vietnam:** Primary bond market freezes during Tet holiday

Macro & Strategy

- **March Fixed Income view:** Long-term yields to see a reversal

New listing & Public offerings

KIS market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (%)
2018	191,785	119,519	29.7	15.2	2.7	13.6	17.7
2019	238,659	144,922	24.2	13.8	2.4	11.0	17.4
2020F	270,014	151,973	7.2	16.4	2.6	11.2	16.1
2021F	304,264	177,159	18.9	13.8	2.3	10.1	16.4

Note: KIS Universe coverage of 35 companies that account for 58% of all listed (VNIndex) firms' earnings based on the past three-year average

KIS macro forecast

	1Q20	2Q20	3Q20	4Q20F	2019	2020	2021F
GDP (% yoy)	3.8	0.4	2.6	4.5	7.0	2.9	5.9
Trade balance (USD bn)	3.8	1.9	10.7	2.5	10.4	19.0	1.8
CPI (% yoy, avg.)	4.9	3.2	3.0	0.2	5.2	3.2	2.4
Discount rate (% EoP)	3.5	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,264	23,206	23,188	23,252	23,231	23,252	23,219
US GDP (% qoq)	(4.8)	(31.7)	33.1	4.0	(3.5)	(3.5)	5.5
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	2.3	2.3	8.4

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Selling pressure of foreigners

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The Vietnam stock market was on the decline due to the net selling pressure of foreigners yesterday. Foreign investors continued to sell with a net value of VND1,141bn for the thirteenth consecutive net selling session on HSX. They sold VNM, POW, and HSG the most with a net value of VND273bn, VND182bn, and VND102bn, respectively.

At the close, the VNIndex fell by 0.54% to close at 1,161 pts. Meanwhile, trading volume was 604 million shares or VND14,930bn.

Sell-off pushed Energy down due to GAS (-1.4%), PVT (-4.0%), PVD (-4.7%), PVS (-4.8%), POW (-3.9%), BSR (-6.0%), PLX (-3.1%), and OIL (-9.9%).

Some constituents of VN30Index tumbled more than 1% namely MWG (-2.1%), REE (-1.8%), CTG (-1.8%), VNM (-1.7%), VIC (-1.6%), SSI (-1.5%), BID (-1.4%), and HPG (-1.0%). Among these, MWG's BOD approved a plan to issue around 10.3 million shares or 2.2% of outstanding shares for 2020 ESOP.

In contrast, cash flowed into Construction and Real Estate, namely CTD (+7.0%), HBC (+1.9%), PDR (+2.2%), VHM (+1.0%), NVL (+0.7%), DXG (+5.1%), ROS (+0.8%), FLC (+2.4%), and TCH (+1.4%). Of which, PDR and DXG will be added on FTSE Vietnam index in 2Q21, the new weight will be effective on 22 Mar 2021.

The market sentiment has become cautious in the short term, showing the downside risk. Therefore, traders should be careful and wait for the next signal to confirm the current trend.

Breaking news

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▶ Vietnam: Primary bond market freezes during Tet holiday

During February with a long Tet holiday, the Vietnam State Treasury (VST) offered just VND18tn G-bonds, a 10-month low and down by 30.77% t/t, throughout 11 auctions. With a lack of bidding sessions, the bidding activity also declined significantly by 45.69% t/t to VND42.32tn. A result also showed a slackening demand in G-bonds under a low-yield environment and high cash-demand period when only VND3.52tn G-bonds was successfully issued, down by 85.04% t/t. The absorption rate recorded the lowest level since April, at just 20%, with a failure from 10-year, 15-year, 20-year, and 30-year G-bond auctions. (HNX, KIS)

Macro & strategy

March Fixed Income view

Long-term yields to see a reversal

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▶ Interbank rates to fluctuate

In February, the interbank market witnessed the most volatility in the pandemic era as the overnight rate (ON) made a sharp move from the super-low base, lasting around five months, to the peak at 2.83% before returning to 0.34% at month-end. In our opinion, the increase in deposit withdrawal due to the Tet holiday and the abundant USD inflow from trade activities were potential explanations for the current move in the lending market between commercial banks. The ending of the Tet holiday indicates the diminish of seasonal demand in interbank market, resulting in the decrease in interbank rates. However, vaccination warms up the economic activities, including the lending market, and suggests the interbank rate to become more volatile in the next period.

▶ Long-term yields to see a reversal

February witnessed a lack of investors' interest in government bond auctions in the primary market as the absorption rate plunged to the lowest level since April, at just 20%. Ongoing developments in the fixed-income markets and rising inflation are supporting a reversal of G-bond yields from current record lows. From our perspective, the yield curve would continue moving upward, and the long-term yields (greater than 10-year maturity) would see stronger upward pressure in March.

New listing & Public offerings

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
3/24/2021	AAT	Tien Son Thanh Hoa JSC	HSX	348.0	34,800,000	10,600
3/24/2021	SSB	Southeast Asia Commercial JSB	HSX	12,087.4	1,208,744,208	16,800
3/10/2021	VCA	VNSTEEL - VICASA JSC	HSX	151.9	15,187,322	13,100

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
4/5/2021		Newspaper Nghe An Printing Co., Ltd	34.5	3,355,370	12,000	IPO

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

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